

United States  
Department of Energy  
Southeastern Power Administration

Wholesale Power Rate Schedule CEK-1-H

Availability:

This rate schedule shall be available to East Kentucky Power Cooperative (hereinafter called the Customer).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and power available from the Laurel Project and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 161,000 volts to the transmission systems of the Customer.

Points of Delivery

The points of delivery will be the 161,000 volt bus of the Wolf Creek Power Plant and the 161,000 volt bus of the Laurel Project. Other points of delivery may be as agreed upon.

Billing Month:

The billing month for power sold under this schedule shall end at 2400 hours CDT or CST, whichever is currently effective, on the last day of each calendar month.

Conditions of Service:

The customer shall at its own expense provide, install, and maintain on its side of each delivery point the equipment necessary to protect and control its own system. In so doing, the installation, adjustment and setting of all such control and protective equipment at or near the point of delivery shall be coordinated with that which is installed by and at the expense of the Tennessee Valley Authority (TVA) on its side of the delivery point.

Southeastern Power Administration (Southeastern) is including three rate alternatives.

All of the rate alternatives have a revenue requirement of \$59,600,000.

**Rate Scenario 1-Interim Operating Plan**

The final marketing policy for the Cumberland System was published in the *Federal Register* August 5, 1993 (58 FR 41762). The marketing policy for the Cumberland System of Projects provides peaking capacity, along with 1500 hours of energy annually with each kilowatt of capacity, to customers outside the TVA transmission system. Due to restrictions on the operation of the Wolf Creek Project and the Center Hill Project imposed by the U. S. Army Corps of Engineers (Corps) as a precaution to prevent failure of the dams, Southeastern is not able to provide peaking capacity to these customers. Southeastern implemented an Interim Operating Plan for the Cumberland System to provide these customers with energy that did not include capacity. The rates under Scenario 1 will remain in effect for the duration of the Interim Operating Plan.

**Monthly Rate:**

The monthly rate for capacity and energy sold under this rate schedule shall be:

**Demand charge:**

None

**Energy Charge:**

17.69 mills per kilowatt-hour

**Transmission Charge:**

The Customer will pay 31.192 percent of the credit the Administrator of Southeastern Power Administration (Administrator) provides to the TVA as consideration for delivering capacity and energy for the account of the Administrator to points of delivery of Other Customers or interconnection points of delivery with other electric systems for the benefit of Other Customers, as agreed by contract between the Administrator and TVA.

**Energy to be Furnished by the Government:**

The Customer will receive a ratable share of the energy made available by the Nashville District of the U. S. Army Corps of Engineers.

**Rate Scenario 2-Cost Recovered from Capacity and Energy**

This rate alternative will be implemented if a portion of the Cumberland Capacity can be scheduled, though not all the capacity in the published marketing policy can be scheduled. The revenue requirement under this alternative is \$59,600,000, the same as the revenue requirement in Scenarios 1 and 3. The Rate Scenario 2 will receive revenues from capacity that can be scheduled and the remainder from energy, at charges that will be determined at the time. Under Scenario 2, the cost of the TVA transmission credit will be passed to customers outside the TVA System. This rate alternative will be in effect when the Corps modifies operation of the Wolf Creek Project and the Center Hill Project to allow some of the capacity scheduled. When the lake level rises and capacity is available, the capacity will be allocated on an interim basis to the customers.

**Rate Scenario 3-Original Cumberland Marketing Policy**

The third rate alternative will go into effect once the Corps lifts all restrictions on the operation of the Wolf Creek Dam and Center Hill Dam and Southeastern returns to operations that support the published marketing policy.

**Monthly Rate:**

The monthly rate for capacity and energy sold under this rate schedule shall be:

**Demand charge:**

\$2.950 per kilowatt/month of total contract demand

**Energy Charge:**

10.358 mills per kilowatt-hour

**Energy to be Furnished by the Government:**

The Government shall make available each contract year to the customer from the Projects through the customer's interconnections with TVA and the customer will schedule and accept an allocation of 1500 kilowatt-hours of energy delivered at the TVA border for each kilowatt of contract demand plus 369 kilowatt-hours of energy delivered for each kilowatt of contract demand to supplement energy available at the Laurel Project. A contract year is defined as the 12 months beginning July 1 and ending at midnight June 30 of the following calendar year. The energy made available for a contract year shall be scheduled monthly such that the maximum amount scheduled in any month shall not exceed 240 hours per kilowatt of

the customer's contract demand and the minimum amount scheduled in any month shall not be less than 60 hours per kilowatt of the customer's contract demand. The customer may request and the Government may approve energy scheduled for a month greater than 240 hours per kilowatt of the customer's contract demand; provided, that the combined schedule of all Southeastern customers outside TVA and served by TVA does not exceed 240 hours per kilowatt of the total contract demands of these customers.

Service Interruption:

When delivery of capacity is interrupted or reduced due to conditions on the Administrator's system beyond his control, the Administrator will continue to make available the portion of his declaration of energy that can be generated with the capacity available.

For such interruption or reduction due to conditions on the Administrator's system which have not been arranged for and agreed to in advance, the demand charge for capacity made available will be reduced as to the kilowatts of such capacity which have been interrupted or reduced in accordance with the following formula:

$$\left( \begin{array}{l} \text{Number of kilowatts unavailable} \\ \text{for at least 12 hours in any calendar day} \end{array} \right) \times \left( \frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right)$$